

The Naval 'Choke Points'

Passages Cited by Reagan Are the Key To Defense Operations Around World

By Michael R. Gordon
New York Times Service

WASHINGTON — Pentagon officials said that 16 geographical "choke points" referred to in this past week by President Ronald Reagan indeed a wide variety of ocean transit areas, ranging from the Panama Canal to stretches of ocean that are hundreds of miles wide between Greenland and Iceland and Britain.

Mr. Reagan cited these areas in his news conference Tuesday in response to a question about the importance of American bases in the Philippines.

Mr. Reagan said that the bases would help the United States protect vital sea lanes, pass through choke points — straits or canals — that the Soviet Union would try to close in a conflict.

He said the bases in the Soviet military showed that the Soviet forces "have placed themselves to be able to intercept the 16 choke points in the world" through which supplies and raw materials are shipped to Western Europe.

Naval experts said Mr. Reagan may have been referring to a base for Soviet aircraft at Cam Ranh Bay in Vietnam that would enable Soviet medium-range bombers to threaten sea lanes near Indonesia, as well as a floating drydock for



'Choke Points'
The 16 "choke points" — straits or canals — that President Reagan cited Tuesday night in his news conference. He said that from the choke points would help the U.S. protect those vital sea lanes that the Soviet Union would try to close in a conflict.

Soviet submarines at Aden in South Yemen, near the Gulf. But they also said the Soviet Union would not open a high priority on attacking many of the choke points cited by Mr. Reagan during some military scenarios.

Official and nonofficial sources also added that the Soviet Union was potentially more vulnerable to the closing of choke points than the United States would.

U.S. Navy doctrine stresses that the United States would seek to use choke points in the Pacific and the northern Atlantic to bottle up the Soviet fleet in its home waters during a conflict.

"It is a two-way street," said a naval expert. "We sit astride the Danish straits, the Turkish straits, and the northern Norway," he said, by way of example.

A report by the Chief of Naval Operations said that possible Soviet efforts to interfere with the supply of North Atlantic Treaty Organization troops in a war could occur in the open seas, though not necessarily involve choke points.

The report also noted that the Soviet Union's ocean supplies during a conflict has "fractured" and would involve defense measures to protect Soviet submarines carrying strategic nuclear missiles and to keep U.S. aircraft carriers away from Soviet territory.

A naval expert said that the Soviet fleet at Cam Ranh Bay would enable the Soviet Union to send medium-range bombers to threaten sea lanes in waters near Indonesia.

The report by the Chief of Naval Operations said that Soviet naval strike aircraft were first deployed at Cam Ranh Bay in 1983. It said that the Soviet Union now has about 10 TU-16 Badger medium-range bombers at the facility, including Badgers that are used for

Mexican Police Official Supervised Torture of U.S. Agent, Tape Shows

By H.G. Reza
Los Angeles Times Service

SAN DIEGO — U.S. officials have obtained a recording of the torture and killing of an American drug agent in Mexico and have identified the man supervising the torture as a highly placed official of the Mexican federal judicial police, according to sources close to the investigation.

The recording of the two-day torture session of U.S. agent Enrique Camarena Salazar was reportedly turned over to U.S. officials last year by the Mexican government, the sources said.

The abduction triggered a manhunt in Mexico after pressure was put on the Mexican government by U.S. authorities and acrimonious exchanges between officials of the two governments.

A number of suspects already have been imprisoned in the case, including several Mexican police officers and two Mexican narcotics kingpins who are accused of masterminding the kidnapping.

Federal sources familiar with the investigation declined to name the Mexican police official who was

Iacocca Says He Lost Advisory Post By Fighting 'Tax Breaks for the Rich'

By Robert Pear
New York Times Service

WASHINGTON — Lee A. Iacocca, chairman of Chrysler Corp. and Interior Secretary Donald P. Hodel have angrily exchanged charges over Mr. Hodel's dismissal of Mr. Iacocca from a federal advisory commission on the future of the state of Liberty and Illinois.

The public dispute between the automotive executive and the Reagan administration official came as the two men held separate news conferences Tuesday.

Mr. Hodel dismissed Mr. Iacocca on Wednesday from the advisory commission "to avoid any question of conflict of interest arising from Mr. Iacocca's simultaneous service as head of a private foundation that has raised \$235 million for restoration of the Statue of Liberty and the Ellis Island Foundation."

The foundation also awards contracts for the restoration work.

At his news conference on Wednesday, Mr. Iacocca said he was actually dismissed because he opposed construction on part of Ellis Island of a luxury hotel that would be financed with bonds that provide "tax breaks for the rich."

Mr. Hodel's news conference at the Interior Department headquarters in Washington was called after Mr. Iacocca challenged him to provide a public explanation.

The interior secretary said Mr. Iacocca had fixed ideas about how Ellis Island should be developed, and that he had removed the auto executive partly to stimulate a free debate on the issue.

White House aides acknowledged that Donald T. Regan, the White House chief of staff, and Mr. Iacocca have had a longstanding personal feud.

But they insisted that White House officials, rather than inspiring the dismissal, had simply stood aside after Mr. Hodel informed Mr. Iacocca of his plans.

Mr. Iacocca noted Thursday that Mr. Hodel, in his letter of dismissal, had said, "This matter is not subject to debate." Mr. Iacocca responded, "That borders on being un-American."

"A lot of people have worked hard for years on behalf of this project," Mr. Iacocca said. "I have 1 and I do not appreciate being disenfranchised on somebody's whim."

There was no suggestion in Mr. Hodel's remarks that Mr. Iacocca had sought to enrich himself.

The interior secretary said rather than Mr. Iacocca's leadership of the foundation seemed to give him undue influence over the commission, which is supposed to give impartial advice to the secretary.

"If you watched Lee today, it's apparent he's very headstrong," Mr. Hodel said. "It may be he made up his mind what he wants to happen on Ellis Island."

But the "American people," the interior secretary asserted, "are



Lee A. Iacocca

Mitterrand Has Dim View of Duvalier

PARIS — President Francois Mitterrand expressed Friday whether Jean-Claude Duvalier qualified for asylum in France, as other French officials continued searching for a nation willing to accept the deposed Haitian dictator.

"The constitution says that we must accord political asylum to all people in the service of liberty," Mr. Mitterrand said. "I don't know whether this person best symbolizes human rights in the world."

France and the United States also asked Brazil to take Mr. Duvalier. On Friday, Brazil's Foreign Ministry said the request had been turned down by President Jose Sarney as "not in the nation's best interest."

In Liberia, opposition appeared to be growing to the government's stated willingness to consider giving Mr. Duvalier refuge.

"We will see" what will happen if no country is willing to take Mr. Duvalier, said a French official.

At the French Office for the Protection of Refugees and Stateless Persons, which handles asylum de-

mands, a petition was circulating among employees Friday saying the undersigned would not handle demands of those "who have acted against the code and principles of the United Nations," a reference to Mr. Duvalier.

France was also on U.S. officials would expect the United States to provide a home for Mr. Duvalier if Liberia refused to accept him. The New York Times reported Thursday from Paris, quoting French government officials.

The officials described the United States as being "in charge" of the search for a permanent exile for Mr. Duvalier. They said that France had accepted him on a temporary basis only at the request of Washington.

The French government is clearly uncomfortable at the presence of a man it has strongly criticized in the past. Parliamentary elections are four weeks away, and representatives of Haiti's new government are due in Paris on Monday for a conference of French-speaking nations.

Police killed officers were killed in an ambush Wednesday by guerrillas in a remote area of southern Mexico. The Associated Press reported from Oaxaca.

AMERICAN TOPICS

Export Democracy, Stir Up Controversy

The National Endowment for Democracy, founded by President Ronald Reagan's behest in 1983 to export democratic values, has \$18 million a year to spend, most of it from federal tax revenues, and a mixed record, the Los Angeles Times reports.

The foundation is bipartisan and quasi-governmental. Its supporters say it has helped finance labor unions in Chile and South Africa, a magazine published by Soviet émigrés, the Afghan mujahideen, and La Prensa, Nicaragua's only opposition newspaper.

Its critics say it also supported the military candidate in the Panamanian elections, Nicolás Ardito Barletta, who won an election the opposition said was fraudulent but later resigned after falling out with his former ally in the military.

The foundation also contributes to programs in Spain, Portugal, Britain, Belgium, Venezuela, Israel — raising the question of why funds are being used to promote democracy in places where support is to be firmly resisted. "This thing is not the National Endowment for Democracy but the National Endowment for Embarrassment," says Senator Ernest F. Hollings, a South Carolina Democrat.

But Senator Orrin G. Hatch, a Utah Republican, says the endowment "is making a tremendous impact for the forces of freedom worldwide."

Salvadorans Convicted in 3 Slayings

By Robert J. McCartney
Washington Post Service

SAN SALVADOR — A jury has convicted two former National Guardsmen of murdering two U.S. labor advisers and a Salvadoran land reform official last year, but prospects appeared bleak that the officers who planned and ordered the killings ever would come to trial.

The government prosecutor told the jury Thursday night that the men were not only the two defendants but also of "the National Guard's death squad."

Assassination teams, many of them linked to the National Guard and the nation's two major military security forces, killed tens of thousands of real and suspected leftists between 1979 and 1983. No military officer ever has come to trial for any of the murders.

A five-person jury found Santiago Gómez González and José Diago Valle guilty of aggravated homicide. They face a maximum penalty of 30 years in prison.

The two were corporals in the National Guard when they shot Michael P. Hammer of Potomac, Maryland, Mark Paulman of Seattle, and the Salvadoran official, José Rodolfo Villalón, on Jan. 3, 1981.

Mr. Hammer and Mr. Paulman were employees of the American Institute for Free Labor Union, which the building was collapsed in 1959, are to be erected in the Washington Arboretum as a sort of memorial to the slain.

The three were murdered as they dined at a local restaurant.

The murders are the best-documented case of death squad activity that directly involved Salvadoran officials.

The confessions of the two men convicted Thursday and investigations by the FBI and U.S. Justice Department, yielded overwhelming evidence that Lieutenant Rodolfo López Serrano and Captain Edmundo Alfaro Avila had helped plan the slayings.

Lieutenant López Serrano, for example, ordered Mr. Valle and Mr. Gomez to kill the three men minutes before the slayings took place, and Captain Alfaro supplied the gun, according to U.S. government accounts of the slayings.

Despite the evidence implicating the two officers, efforts to prosecute them have floundered. Critics have charged that Salvadoran justice system is so intimidated by the armed forces that the officer corps is above the law.

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Short Takes

In the 200 years since hard coal was discovered in eastern Pennsylvania, coal, a waste by-product of coal mining, has created a range of problems: from the old days of living in the coal fields to the new problems of environmental pollution, nonrenewable getting a long-dormant area up on its feet economically.

Life expectancy in the United States has reached a record high of 74.7 years, and infant mortality is at a record low of 10.6 per thousand births, according to the federal government's annual report on the country's health. However, Americans are paying more than ever for health care.

SPRUCING UP

Grand Central Station in New York is undergoing renovations as it prepares for its 75th birthday, two years from now. Walls are being repainted and brass polished, and the elaborate, but leaky roof is being renovated. Above, a tour group crosses a catwalk against the backdrop of one of the terminal's windows.

51,580 per capita in 1984, three times the amount spent 10 years earlier. Fully 10.6 percent of the gross national product, the country's total production of goods and services, went for health care in 1984. That was 9.3 percent higher than in 1983, but it was the lowest yearly gain since the early 1960s, perhaps reflecting a concerted effort by governments and insurance companies to hold down medical and hospital costs.

A new breed of hospitals has emerged among owners of 18th- and 19th-century American mansions. They are determined not just to restore their homes superficially but to make every part of the building as comfortable as a modern hotel.

The Old House Journal's annual catalog of companies that can supply 100-year-old parts and brick had 200 listings in its first issue 10 years ago and 1,450 this year. Like carefully

reconstructed historical past

"You suddenly get a sense that you have become a caretaker of history," says Deborah Lee, who is restoring an 18th-century ship chandler's house in Seton, Long Island.

Shorter Takes: The Veterans Administration still is paying benefits to one Spanish-American War veteran and 62 surviving veterans. The California-style columns 24 feet (about seven meters) long, lying on the Capitol grounds where the building was collapsed in 1959, are to be erected in the Washington Arboretum as a sort of memorial to the slain.

Despite the evidence implicating the two officers, efforts to prosecute them have floundered. Critics have charged that Salvadoran justice system is so intimidated by the armed forces that the officer corps is above the law.

—Compiled by ARTHUR HIGHER

[illegible]

A black and white photograph showing a large pile of bodies, likely victims of the Holocaust, lying on the ground in a wooded area. The bodies are covered in blankets and clothing, and some are partially obscured by branches and foliage. The scene is somber and disturbing.

World War I battlefield scene by Klemens Brosch, 1914.



Jugendstil Hall Opens

The show is both sumptuous and

A monumental catalog (768 pages, 360 francs) provides reproductions and essays, but the exhibition's 24-page *Petit Journal* (15 francs) is a handy guide when it comes to finding your way around the 21 sections of the exhibition.

"*Vienne 1880-1938, L'Apogée Joyeuse*," Pompidou Center, through May 5.

Continued High Estimates Proving Ruinous to Sales

The message to the public is that printed estimates cannot serve as straightforward guidelines to those with no auction experience. The context of the sale requires scrutiny. It is particularly useful to find out whether the vendor is a dealer, and, preferably, what sort of dealer. In the horse field, the vendor

The broader the market, the sounder the estimate is likely to be; transactions being more frequent, bases of comparison are not lacking and, just as important, are

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Philadelphia

than a dozen specimens of dinosaurs and related species — some assembled in part from actual bones and fossils — include a huge tyrannosaurus rex and a pterodactyl, or flying dinosaur.

Dinosaur Show

Other topics explored in the exhibit include theories that dinosaurs were intelligent creatures

LET'S SEE...
UH-HUH... UH-HUH...
LIKE THAT ONE... UH-
HUH... GOOD... GOOD.

NYSE Most Actives				
Vol.	High	Low	Last	Chg.
IBM	158 1/4	157 1/4	157 3/4	+1/4
AT&T	48 1/4	47 3/4	47 3/4	-1/4
GE	34 1/4	33 3/4	33 3/4	-1/4
Merck	48 1/4	47 3/4	47 3/4	-1/4
Amgen	48 1/4	47 3/4	47 3/4	-1/4
Boeing	48 1/4	47 3/4	47 3/4	-1/4
McKesson	48 1/4	47 3/4	47 3/4	-1/4
Amgen	48 1/4	47 3/4	47 3/4	-1/4
Boeing	48 1/4	47 3/4	47 3/4	-1/4
McKesson	48 1/4	47 3/4	47 3/4	-1/4

Dow Jones Averages				
Index	Open	High	Low	Close
Ind. Ave.	2,634.19	2,640.00	2,628.00	2,634.19
Comp. & Bus.	1,154.19	1,158.00	1,150.00	1,154.19
Transp.	1,325.19	1,328.00	1,322.00	1,325.19
Govt. Bonds	1,154.19	1,158.00	1,150.00	1,154.19
Vol. 100,000,000				

NYSE Index				
Index	Open	High	Low	Close
NYSE	2,634.19	2,640.00	2,628.00	2,634.19
Vol. 100,000,000				

Friday's
NYSE
Closing

Vol. of 4 P.M. 155,914,000
Prev. 4 P.M. vol. 126,498,000
Prev. consolidated close 15,553.25

Tables include the afternoon prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

AMEX Diaries				
Index	Open	High	Low	Close
AMEX	1,154.19	1,158.00	1,150.00	1,154.19
Vol. 100,000,000				

NASDAQ Index				
Index	Open	High	Low	Close
NASDAQ	1,154.19	1,158.00	1,150.00	1,154.19
Vol. 100,000,000				

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Boeing	48 1/4	47 3/4	47 3/4	-1/4
McKesson	48 1/4	47 3/4	47 3/4	-1/4

Dow Jones Bond Averages				
Index	Open	High	Low	Close
Bond	1,154.19	1,158.00	1,150.00	1,154.19
Vol. 100,000,000				

NYSE Gains; Dow Sets Record

United Press International

NEW YORK — Prices on the New York Stock Exchange soared Friday in heavy trading, and the Dow Jones industrial average ended the week with its sixth record-breaking performance in the past seven sessions.

The Dow jumped 19.36 to a record 1,664.45, surpassing the previous high of 1,645.07 at Thursday's close. For the week, the Dow rose 41.03.

Winning issues outpaced losers more than two to one among the 2,048 issues traded.

All of the broader market indices advanced to record levels. The New York Stock Exchange index rose 1.24 to 126.65. Standard & Poor's 500-stock index rose 2.36 to 219.76. The price of an average share gained 17 cents.

Volume totaled 155.59 million shares, compared with 136.49 million shares Thursday.

There are a lot of dollars out there chasing quality stocks," said Alfred Harris of Joseph & Co. in St. Louis. "There is an absence of any desire to take profits. Even when the market stalls there is no selling pressure."

As more and more institutional money is funneled into the market.

Analysts said prospects for lower interest rates, future economic growth and healthy corporate earnings continue to be the key factors fueling the market.

Mr. Harris said Friday's report on wholesale prices was also welcome. The Labor Department reported prices at the wholesale level, which had risen considerably for three consecutive months, dropped 0.7 percent in January, mainly because of plunging oil costs.

Johnson & Johnson, the New Jersey-based manufacturer of Extra-Strength Tylenol, was the most active NYSE-listed issue, down 3/4 to 48. The Food and Drug Administration issued a nationwide warning against the use of the pain reliever, after the discovery of a second bottle of the capsules tainted with cyanide.

A New York woman died Saturday after taking contaminated pills.

Eastman Kodak was second on the active list, up 1/4 to 52 1/2.

AT&T was third, up 1/4 to 21 1/4.

Among other pharmaceutical companies, Upjohn was off 1/4 to 13 1/4. Baxter Travenol was up 1/4 to 15 1/4. Bristol-Myers gained 1/4 to 64 1/4. Pfizer rose 1/4 to 51 1/4 and Procter & Gamble was up 1/4 to 58 1/4.

In the auto sector, General Motors was off 1/4 to 79 1/4. Ford was down 1/4 to 70 1/4 and Chrysler was off 1/4 to 52 1/4.

The major oil issues were mixed. Phillips Petroleum was unchanged at 9 1/4. Mobil was off 1/4 to 28 1/4. Chevron was up 1/4 to 3 1/4. Exxon was up 1/4 to 51 1/4. Pennzoil was down 1/4 to 58 1/4 and Atlantic Richfield was up 1/4 to 52 1/4.

Occidental Petroleum lost 1/4 to 25 1/4.

The company announced Friday that it had reached an agreement with the government permitting it to proceed with the takeover of MidCon Corp. MidCon was off 1/4 to 58 1/4.

IDM was ahead 1/4 to 15 1/4.

In other high-technology stocks, Digital Equipment was down 1/4 to 157 1/4. Honeywell was down 1/4 to 79 1/4 and Burroughs was up 1/4 to 69 1/4.

Standard & Poor's Index				
Index	Open	High	Low	Close
S&P 500	219.76	220.00	219.00	219.76
Vol. 100,000,000				

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Vol. 100,000,000				

Continued on Page 10

BUSINESS/FINANCE

U.S. Stocks
Report, Page 8

Page 9

Statistics Index

AMER. INDEX	100.00	100.00	100.00
NYSE	100.00	100.00	100.00
NYSE	100.00	100.00	100.00
NYSE	100.00	100.00	100.00
NYSE	100.00	100.00	100.00
NYSE	100.00	100.00	100.00
NYSE	100.00	100.00	100.00
NYSE	100.00	100.00	100.00
NYSE	100.00	100.00	100.00
NYSE	100.00	100.00	100.00
NYSE	100.00	100.00	100.00

SAURDAY-SUNDAY, FEBRUARY 15-16, 1986

ECONOMIC SCENE

U.S. Budget Rift Forewarns Of Further Fiscal Disarray

By LEONARD SILK

NEW YORK — The ruling of a panel of three federal judges that a key provision of the Gramm-Rudman-Hollings budget-balancing law is unconstitutional has cast doubt on the likelihood that Congress and President Ronald Reagan can reach agreement on a plan to avert the deficit.

The federal district court in Washington said Nov. 7 that Congress could not shift its budget authority to the comptroller general, but the court stayed the effect of its decision to permit supporters of the law to appeal to the Supreme Court.

President Reagan does not appear upset by the possibility that Gramm-Rudman may have a short life expectancy. He apparently hopes, if the law is killed by the Supreme Court, to have the best of both worlds on one side, stronger hand to prevent Congress from cutting his military budget or raising taxes on the other.

A protracted dispute looms between the White House and Congress.

Even if Congress produces a budget resolution that holds to the Gramm-Rudman track, which calls for the deficit to be cut to \$144 billion in the 1987 fiscal year from an estimated \$202.8 billion in 1986, a protracted dispute is likely to ensue between the White House and Congress on how to get there.

Mr. Reagan threw down the gauntlet to Congress by saying that those who said his budget was "O.D.A." — out of order — were really saying, "Brace yourself for a tax increase."

He added: "Rest assured, that any tax increase sent to me will be V.O.A. — veto assured."

Following the announcement, Guinness shares fell on the London Stock Exchange. But the price of Guinness and Anheuser-Busch rose, automatically raising the value of its bid by another \$100 million.

Because Anheuser-Busch is primarily a food retailer and wholesaler with a relatively small whiskey interest, the Trade and Industry Department had announced on Jan. 9 that its bid for Guinness would not be in jeopardy.

The Guinness offer to Distillers shareholders of cash and Guinness stock for their shares was worth 606 pence. The Anheuser-Busch offer was worth 648 pence.

Guinness Suffers Setback

U.K. to Probe Takeover Bid

LONDON — The government stepped into the biggest corporate takeover battle in British history Friday, ordering an antitrust investigation of an attempt by the brewing giant Guinness PLC to gain control of Distillers Co., makers of gin and Scotch whisky.

The Department of Trade and Industry said that £2.2-billion (\$3.1-billion) bid was being referred to the Monopolies and Mergers Commission because of its potentially serious impact on competition in the beverage industry.

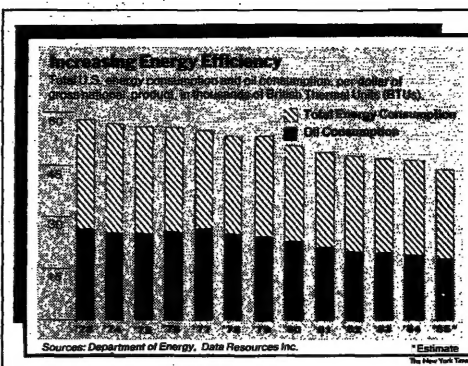
Distillers makes Johnnie Walker whisky and Gordon's gin. The Monopolies and Mergers Commission inquiry could stall the Guinness-Distillers merger attempt by as much as six months, thus delaying a rival bid by Distillers for Anheuser-Busch PLC, a British supermarket chain.

Argill raised its offer for Distillers this month to £2.2 billion, topping the Guinness bid, which already was the highest ever made for a British company.

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Fuel Savings Established in the U.S.

Push to Lift Efficiency Is Seen Surviving Cheaper Oil

By Steven Prohaska
NEW YORK — The twin oil shocks of 1973 and 1979 have caused U.S. business and consumers to make such great strides in conserving energy that oil prices are not likely to have the nation into reverting to its wasteful ways.

In fact, conservation has become so built into the country's infrastructure that the economy could become even more energy-efficient, according to economists, corporate officials and energy experts. And this progress, they say, could position the economy to reap an extra bonus from tumbling oil prices.

"Since 1973, the economy has become significantly more energy-efficient," said Michael D. Stoolmiller, director of world oil service at Data Resources Inc., an economic consulting firm. The Department of Energy calculates that the amount of energy consumed to produce each dollar of gross national product has fallen by about 26 percent since 1973. Measured the same way, oil consumption has shrunk by about 33 percent.

The added bonus of falling oil prices means that "economic growth will be more and inflation will be lower. The question is: How much?" said Richard M. Young, a vice president at Chase Econometrics Inc., an economic forecasting group. Chase estimates that a \$5 drop in the price of oil could add about \$100 billion to the growth rate of the economy and could reduce inflation by nine-tenths of a percentage point.

It remains to be seen to what extent lower oil prices will actually benefit the U.S. economy. For one thing, many officials in Washington favor a tax on oil imports to help shrink the federal deficit. That would mean that if oil prices fell, the deficit would not shrink as much. If any decline in the prices they pay. Also, if the price declines are passed through, the national drive to conserve energy will definitely suffer.

There are already signs that the interest of Americans in conservation is waning. Purchases of big cars are up and sales of insulation for existing homes are down.

Industry Output In U.S. Rose

0.3% in January

Compiled by Our Staff From Department of Commerce
WASHINGTON — U.S. industrial production rose 0.3 percent in January, less than half the gain posted in December but the third consecutive month the index has improved the Federal Reserve reported Friday.

The January increase followed gains of 0.7 percent in December and 0.5 percent in November. The index had fallen 0.6 percent in October.

The decline in the overall index was the first since September and followed a revised 0.3-percent decline in December. Not since January 1983 have prices fallen at such a rate.

The Commerce Department reported that U.S. businesses trimmed their stocks slightly at the end of last year as inventories shrank 0.1 percent in December. The small decline, the first drop since August, coincided with a sharp 1-percent increase in sales, according to the Commerce Department.

The Fed's report said that the increase in output at U.S. factories, mines and utilities was led by large increases in consumer goods and construction supplies.

Production of consumer goods rose 0.9 percent overall for the month to a level 5.4 percent above January 1985, with durable consumer goods up 1.7 percent. Non-durable consumer goods were up 2.2 percent, mainly because of an increase in auto assemblies. Cars were finished at an adjusted annual rate of 8.4 million units, compared with December's rate of 8.1 million. The Fed said that production of durable goods rose 0.9 percent in December, moved down 0.4 percent in January. The index for consumer goods other than food and services was unchanged in January, after a 0.2-percent increase in December.

The Commerce Department said that business investment in new plant and equipment rose 0.4 percent in January. The index for consumer goods other than food and services was unchanged in January, after a 0.2-percent increase in December.

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Currency Rates

Currency	Rate	Change
Australian dollar	1.34	+0.01
Belgian franc	36.5	+0.01
British pound	1.60	+0.01
Canadian dollar	0.75	+0.01
Deutsche mark	2.36	+0.01
French franc	6.5	+0.01
Italian lira	1,360	+0.01
Japanese yen	160	+0.01
Netherlands guilder	3.6	+0.01
New Zealand dollar	0.45	+0.01
Portuguese escudo	200	+0.01
Spanish peseta	166	+0.01
Swiss franc	1.5	+0.01
West German mark	2.36	+0.01
Yen	160	+0.01

Source: Reuters. Rates are for U.S. dollars. (Continued on Page 10)

Interest Rates

Rate	Change
1-month	10.00%
3-month	10.00%
6-month	10.00%
1-year	10.00%

Source: Federal Reserve Bank of New York. (Continued on Page 10)

Fermenta President Says Doctorate Claim Is False

By Juris Kaza
STOCKHOLM — Refaat el-Sayed, the president of Fermenta AB, Sweden's fastest-growing biotechnology group, has acknowledged that he falsely claimed to have a doctorate in microbiology.

Shares of Fermenta dropped sharply Friday after Mr. Sayed, 40, said on Thursday that he was never awarded a doctorate either by the University of California at Davis or by Uppsala University in Sweden.

Mr. Sayed's doctorate was called into question by Bjorn Gilbert, an environmental activist, who published an article in Sweden's largest newspaper, the president in an environmental magazine.

He contended that one of Fermenta's plants had been polluting a lake near Stockholm.

Mr. Sayed, who was not of Sweden on a business trip on Friday, said earlier that he expected to be judged on his accomplishments with Fermenta rather than on past mistakes.

The claim of a doctoral degree helped him gain a position as a consultant in the early 1970s, he said in a statement.

Swedish media also reported on Friday that the Swedish patent office could not confirm Mr. Sayed's contention that he held eight patents in Sweden and many others abroad.

The reports said that records showed that Mr. Sayed had had no papers that had been issued for payment of registration fees and that five applications had been rejected.

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Japan Shipping Firms May Pull Out of Cartel

By Fumio Fujisaki
TOKYO — Japan's big shipping companies may soon withdraw from a major treaty cartel, triggering an all-out, rate-cutting war on the world's largest liner routes, the Far East to North America.

The stock market welcomed the news, as it had with Midland last Friday. Lloyds shares closed on a high of 487 pence, up from 467 pence on Thursday.

ANERA was established last year as an emergency measure to keep some sort of cartel for trade on the route in the face of a world shipping recession and falling cargo volumes. It has 18 members, including four U.S. operators.

Shipping sources said that ANERA's main aim was to keep cargo rates from falling too far. But it was not to be. The cartel was dissolved last week.

The Value Line provides OBJECTIVE EVALUATIONS OF AMERICAN STOCKS. The Value Line Investment Survey continually reports on more than 1700 American stocks. It provides a vast amount of statistical history and forecasts, all of which are reduced by Value Line's computer-based programs to two simple, easy-to-apply indices: (1) The rank for Timeliness (Relative Price Performance of the stock in the Next 12 Months) and (2) the rating for Safety (Price Stability of the stock plus financial strength of the company).

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Pohl Forecasts 4% Growth Rate

BONN — Karl Otto Pohl, president of the Bundesbank, has said that falling oil prices could stimulate West Germany's growth rate to 4 percent this year, up from the official forecast of 3 percent, a government spokesman said Friday.

Mr. Pohl gave the higher estimate to Chancellor Helmut Kohl during a Thursday meeting with the Chancellor, Friedrich Merz, and other officials.

Mr. Pohl said that on balance, the drop would be beneficial for the world economy and thus West Germany, he quoted Mr. Pohl as saying.

Mr. Pohl noted that the oil price slide would bring problems for Third World producers such as Mexico and Nigeria. But he said that on balance, the drop would be beneficial for the world economy and thus West Germany, he quoted Mr. Pohl as saying.

Hutton

MANAGED CURRENCIES PROGRAM

PERFORMANCE REPORT FOR 10-MONTH PERIOD

HAS BECOME

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AFTER ALL COMMISSIONS

NEXT MEET IN MARCH 1986. THERE IS NO MANAGEMENT FEE.

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Oliver Dufour, Vice President

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Via The Associated Press

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مكتبة من الامم

Extractions By Warren W. Reich

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Tales Spun To Catch a Spring Fever

Casey Stengel, on catcher Chris Munn: "I knew he couldn't hit, but nobody told me he couldn't catch."

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